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SUBJECT: LEGISLATIVE UPDATE -- DE-BA'ATH, PROVINCIAL  
POWERS, PENSIONS

Classified By: Charge d'Affaires Patricia A. Butenis for reasons 1.4(b)  
and (d).

[¶1.](#) (C) Summary: As a consequence of our pressure upon the leaderships of Iraq's political blocs, the Law of Accountability and Justice received its second reading on December 1; a third reading has not been scheduled and may be delayed if the CoR is unable to muster a quorum due to the upcoming Hajj holiday. A CoR version of the provincial powers law that received both a first and second reading in January and February is currently with the Shura Council. However, Prime Minister Maliki was unhappy with the CoR's version and produced a different version from a PM committee, naturally with significant PM oversight. Another version -- a draft compromise -- is in the works according to CoR bloc leader and Constitutional Committee Chair Hummam Hammoudi (ISCI), to decentralize this federal control. Almost all political parties remain internally divided over the question of provincial powers. Finally, the Presidency Council signed the first amendment to the Unified Pension Law; once in effect, it creates a progressive pension system that allows those eligible, including former Ba'athists, to receive pensions. This latter achievement is a significant legislative complement to reform of the de-Ba'athification process. End summary.

DE-BA'ATHIFICATION LAW

[¶2.](#) (U) On Saturday, December 1, the Iraqi Council of Representatives (CoR) had its second reading of the Law of Accountability and Justice, commonly known as the de-Ba'athification reform law. The reading was accompanied by a civil discussion on possible amendments to the law, along with concerns raised by the Sadrist bloc about the constitutionality of the draft's requirement that the current Higher National De-Ba'athification Commission (HNDBC) be dissolved. The discussion of the draft continued into the December 3 and 4 session and will extend into future sessions. The next step for the law is a third reading, with a discussion and a final vote.

[¶3.](#) (C) A date has not yet been set for the third reading, which may prove difficult to schedule because of the upcoming Hajj holiday. With many CoR members on holiday, it is not clear whether enough parliamentarians can be mustered to reach a quorum, which is a prerequisite for a third reading. Although sessions are being held without a quorum by keeping the session open overnight, CoR member Ala Talabani mentioned that the Kurds are likely to depart for the north on December 7, hinting that there would be no sessions during the Hajj.

[¶4.](#) (U) The Sadrist bloc has been seeking amendments to the text, and either the CoR Legal or De-Ba'athification Committees may present proposed amendments during the third reading. The CoR as a whole would decide if the amendments should be included in the draft or discarded during the third reading. While no amendments have been formally proposed

thus far, the CoR De-Ba'athification Committee has presented a list of four concerns, including a need for the HNDBC to be dissolved only after the new commission is formed, instead of within six months of the entry into force of the law, as the draft law currently provides.

15. (C) Comment: Two of the four concerns are either minor word changes or trivial edits to the draft law. The extension of the lifespan of the HNDBC until the new commission is formed could be problematic; the lack of oversight of the HNDBC could continue to be used as a political weapon by delaying the formation of the new commission. As well, the Sadrists are advocating that no former member of the Ba'ath party (including those ranks below Shu'aba that are unaffected by the draft law) should be able to serve on the Presidency Council, Prime Ministerial Council, in the CoR, or as a "judicial or federal authority."

Beyond demonstrating a strong aversion to former members of the Ba'ath party, it is not clear what government positions the last clause would affect. We will continue to press as strongly as possible the CoR leadership and the political bloc leaders to schedule the third reading in the near future so as to avoid being stuck with a rump parliament unable to muster a quorum. End  
Comment.

#### PROVINCIAL POWERS LEGISLATION

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16. (C) There are at least three versions of the Provincial Powers law floating around: 1) the draft prepared by the CoR Committee on Regions and Governorate Affairs, which received a first and second reading in January and February, and is currently in the Shura council where it remains stuck; 2) the

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"Leaders' draft" referred to in the August 26 Leaders' Communique; 3) a third draft reserving strong powers for the central government which was reportedly produced at the behest of PM Maliki. (NB: Maliki's enthusiasm for a strong central government is shared only by the Sadrist bloc.) Humam Hammoudi, head of the CoR's Constitutional Review Committee, told S/I Satterfield December 3 (septel) that a compromise draft rolling back PM Maliki's insistence on strong central government authorities would be achieved early in the New Year. Of some seven contentious points, Hammoudi said four had been resolved.

#### UNIFIED PENSION LAW

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17. (U) The Presidency Council recently signed the First Amendment to the Unified Pension Law, a substantial reform for the governmental pension system. The law is notable because it bases pensions on time in service (including previous government employment), and does not take into consideration an applicant's rank within the Ba'ath party. It also closes an unintentional loophole that prevented any individuals who received de-Ba'athification orders from ever receiving a pension.

18. (U) Under the law, the National Board of Pensions, which administers the pension rights of existing and new pensioners, collects pension contributions (7% of the base salary from the employee, and 12% from the employer) from all public sector employees and their entities, placing them in the State Pension Fund. The State Pension Fund is independent of the national budget. Pensioners who took retirement prior to January 17, 2006 will continue to have their pensions paid from the national budget. The provisions of the Unified Pension Law would not go into effect until the law is published in the official gazette.

19. (U) The current drafts of the Law of Accountability and Justice (the 'de-Ba'athification reform law') and the proposed amendments to those drafts do not contain any

clauses that would further restrict the pensions of former Ba'ath party members. (However, the Leaders' draft of the Law of Accountability and Justice does limit former members of Saddam's Fedeyeen from accruing time in service for that employment). The passage of the pension reform law therefore represents a legislative accomplishment untainted by sectarian or partisan bias and a complement to the objectives of the de-Ba'athification reform law.

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